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CENTRAL INTELLIGENCE AGENCY

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I. Growing Unrest in all Satellite States

1. The unrest in the Satellite Countries has developed from a casual phenomenon to a fact of world political importance. It might acquire the significance of the first major battle to be won or lost in the "Cold War".
2. Tito and his fight against the Cominform and the Kremlin has been making headlines in the world press for almost a year. Between the devil and the deep sea of "Western Capitalism" Tito is waging a war on two fronts. His shift towards the West is limited to the economic sphere where he has to avoid political cooperation in order to keep up his good Communist record for internal political reasons. His real fighting strength, however, is concentrated against Moscow which is preparing a decisive blow to crush him. This blow is evidently to take the form of economic pressure and disintegration from within by revivifying the Macedonian question. The proclamation of a Macedonian state, to be composed of Yugoslav, Greek, and Bulgarian territory, would inflict a dangerous blow on Yugoslavia whose different parts are already unruly and are submitting unwillingly to the rule of their Serbian masters.
3. But this scheme of the Politburo is backfiring. The formation of a Macedonian state is strongly opposed by all Greeks, Communists and non-Communists. Mar-kos, one of the most faithful henchmen of Moscow, had to be deposed as he tried to form a common front with Tito with the aim of counteracting the Macedonian scheme. The fighting spirit of the Greek rebels has been dampened by their nationalistic feelings and by the cessation of Yugoslavian aid. The rebels refused to fight against their rightist compatriots and, in case of being victorious, to abandon sections of their home country. This is a serious blow to the Kremlin.

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4. The conflict between nationistic tendencies and the mailed fist of the Cominform, which endeavors to assimilate the Satellite countries to the Soviet Union, is raging over all Southeastern Europe.
5. In Bulgaria, one of the old guards of Bolshevism, Deputy Premier Traiclo Kastov, member of the Central Committee, leader of the Partisans, fell in disgrace for having deviated from the party line and indulging in extreme nationalism. Here also, the Moscow-trained Communists are getting the upper hand over those trained in their respective countries. George Dimitrov has been conspicuous lately for his silence; it will be interesting to watch whether he too will have to disappear from the political scene. In the meantime Dimitrov was granted a "leave" which he spends in a hospital of the Soviet Union.
6. Even in small and obsequious Albania some of the most prominent party men had to be purged by Premier Enver Hoxha.
7. In Rumania, two Deputy Premiers had to quit their jobs. One was replaced by Foreign Minister Ana Pauker. This, in itself is significant enough.
8. In Czechoslovakia, the leading Communists have been spared so far, but a thorough purge is being performed among the second rank of officials and party functionaries: officials, officers, scientists, and teachers. The Czechs, always masters in avoiding an open fight and in organizing a conspiracy, are building up an extensive underground movement.
9. In Hungary, only one leading Communist, Laszlo Rajk, has so far been moved to another less responsible post, but the dissatisfaction among the peasants is increasing as the tendencies towards collectivization are being disclosed.
10. The most interesting development is going on in Poland. Here the Vice-Premier Wladyslaw Gomolka, had to quit his post a year ago because of his nationalistic leanings. Gomolka, though an old Communist, was intellectually unimportant. The most brilliant brain of the Polish Government and one of the staunchest supporters of Communism, the Minister for Economic Affairs, Hilary Minc, is now under fire from the Kremlin. Poland's remarkable progress towards recovery is attributed to him. He is being denounced by Moscow for his reluctance to speed collectivization, an action that would throw the country into economic and perhaps even political chaos. Minc has also been a strong advocate of expanding Poland's trade with the West as a means of obtaining capital goods. The case of the Anglo-Polish trade, in particular, has slowed down the efforts of the Communist Mutual Economic Aid Bureau to promote self-sufficiency in the Soviet sphere. This conflict will shortly come to a head at a Central Committee meeting.
11. Thus, based on a survey of the situation in the Satellite Countries, it can be stated that the unrest is growing and the difficulties facing the Soviet Union are increasing.

## II. The Motives of Soviet Policy in the Satellite Countries

1. The reasons for the highly unsatisfactory state of affairs are obvious and are known to the Kremlin. Since everyone of their leading men is a confirmed Communist, all of these East and Southeast European countries would be prepared

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to suffer the Soviet overlordship, providing they remain a national entity and remain individual owners of their small peasant holdings. They are passionately opposed to being reduced to a Russian province and farm laborers on a Kolkhoz. They would be perfectly happy if they would be granted the autonomy enjoyed by Finland.

2. The Politburo is fully aware of this psychology. A further factor indicating the need of moderation is the world political situation with its growing tension and the rallying of forces of the West. Even of more importance, the strategic and military situation necessitates a pacified Eastern Europe. The only sensible thing for the Soviets to do is to be satisfied, for the time being, with obedient and willing Satellites who possess some individual national life and settled economic conditions. If the conflict with the West is solved, one way or the other, there would still be time enough for the wholesale integration of the East and Southeast European countries. This would be the logical course of action as the men in the Kremlin are shrewd tacticians and have often resorted to playing a waiting game.
3. In spite of these considerations, the men in the Kremlin are suppressing the Satellite Countries with an iron hand and are taking the risk of rebellion and of diminished output of goods. What is the motive for these suicidal tactics?
4. Only guesses are now possible in this respect. One reason for Moscow's policy of toughness may be the conviction that, if time is left for the Satellite countries to develop nationalistically and economically, it will be impossible to perform a "Gleichschaltung" later-on. Thus, they deem it absolutely necessary to immediately go on with their policy of force. It seems to be impossible for them to attack the West while there are unsettled conditions in the Satellites. This would indicate their intention not to force a conflict with the West at present.
5. It is being rumored that it was Molotov's policy to be offensive towards the West and to leave the Satellites alone for the time being. Since Molotov has been removed on account of his failure in Western politics, the tough policy towards the Satellites would confirm the supposition that the Soviet attitude towards the West will be defensive.
6. However, the most likely reason for the uncompromising attitude towards the Satellites is the fact that the extremists have won the upper hand over all the internal political and the foreign political fields in Moscow. In this endeavor to achieve autocracy, an extreme nationalism is being preached in the theoretical doctrines in the performances of the "Russian Spirit" and in economics. The immediate result of this preaching has been an increasing spirit of anti-Semitism. It may be infeasible for the Politburo to tolerate small peasant holdings and national selfconsciousness in the Satellite Countries while suppressing the same within the Soviet Union.

### III. Conclusions

1. What are the conclusions to be drawn from this situation by the West. It goes without saying that a battle of decisive importance would be won by the West in the "Cold War" if the West succeeded in shattering the edifice of the Soviet Orbit in Eastern Europe. It would be extremely important if Tito could persevere in his fight against Moscow, especially, if he would join the West.

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2. The following measures seem to be the most efficient to further these ends:

- a. Each Satellite country has to be treated individually, according to the intensity of its opposition to Moscow. Obviously, the chief effort has to be concentrated on Yugoslavia. The policy followed towards Tito by the Western Powers seems to be the right one; namely, no conspicuous efforts to win him over to the West, but increasing economic help. In this respect even certain risks may seem justified.
- b. Economic relations with the Satellites should be kept up and developed. One of the primary aims of the Soviet Union is to cut these bonds, to establish an autocracy throughout the Soviet Orbit and to follow up the policies of the Mutual Economic Aid Bureau. The Satellites, on the other hand, especially Poland and Czechoslovakia, are fighting desperately for the development of their economies.

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- c. The individual Satellite countries ought to be informed, by increasing propaganda, about the consequences of the Soviet policy for their countries. For example, leaflets dealing with the Macedonian policy should be dropped in the Greek rebel districts and the adjoining districts of Yugoslavia.

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